



THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 3/31/2014

GAIN Report Number: AG1401

Algeria

Grain and Feed Annual

Annual

Approved By:

Sarah D. Hanson

Prepared By:

Nabila Hales

Report Highlights:

The planting season was boosted by exceptional rainfall throughout the country that followed a drought that stretched to November in some central and western areas. Ministry of Agriculture reports a 12 percent increase in the planting area compared to last year.

The animal feed inputs and co-products exemption from duties and VAT that was decided in September 2012 was extended to August 31, 2014 only, and during this period, exemption would be granted under specifications established by ministry of agriculture.

Executive Summary:

Sowing of the MY 2014/15 winter wheat and coarse grain crops benefited from favorable rain precipitation and was boosted by exceptional rainfall throughout the country that followed a drought that stretched to November in some central and western areas.

Ministry of Agriculture reported back in December a 12 percent increase in the planting area compared to last year (3.3 million ha). As of December 5, 2013, 1.188 million hectares (Ha) were planted.

Farmers expanded certified seeds and input usage in response to government incentives; the Ministry of Agriculture (MOA) continues to provide economic and technical assistance and incentives in order to improve yields and quality.

In general, rainfall has been adequate in the last four months and maintained good soil moisture which helps crop development. Given current conditions, and assuming normal conditions for the remainder of the growing season, production is expected be similar to last year.

As previously reported, the Ministry of Agriculture (MoA) has revised its preliminary total MY 2013/14 wheat and coarse grain production downward to 4.91 million MT as drought affected some of the main growing areas in the Eastern part of the country and harvested area totaled 2.712 million ha. Durum wheat represented 47.5 percent of total production totaling 2.332 million MT. Bread wheat totaled 0.970 million MT and barley 1.498 million MT. Oat production consisted only of 0.113 million MT.

Algerian wheat consumption has risen slightly in recent years as a result of increased urbanization, population growth as well as increased milling capacity, but is projected to remain more or less stable.

Algeria total wheat imports over the last four marketing years look relatively stable.

Algeria will continue to import wheat particularly, bread wheat, as it plants less bread wheat than durum and as domestic production is still mostly weather driven and does not meet demand.

The Grain agency OAIC committed to supporting building an additional 0.82 million tons of storage capacity in 2012 and another additional 0.84 million tons by 2019, to increase grains storage capacities for durum, bread wheat and barley.

The exemption from duties and VAT on animal feed inputs and co-products, including corn, dried distiller's grains with soluble (DDGS), and corn gluten feed (CGF) as well as soybean meal that was decided in 2012, in response to increasing international feed prices, is extended part of the finance law for year 2014 (Art 44) from September 1st, 2012 to August 31, 2014 and nonrenewable. And this exemption would be granted only under specifications established by the Ministry of Agriculture.

Commodities:

Select

Production: Plantings

Sowing of the MY 2014/15 winter wheat and coarse grain crops benefited from favorable rain precipitation and was boosted by exceptional rainfall throughout the country that followed a drought that stretched to November in some central and western areas. This rainfall improved soil moisture and benefited crop establishment which helped encourage plantings.

So far, Ministry of Agriculture has not released any official preliminary figures yet to indicate the total plantings areas and projected yields for the new crop. But usually in past years (2001-2009), an average of 3.2 million hectares was devoted to grains (durum, bread wheat, barley and oat). This past December however, the Ministry of Agriculture reported a 12 percent increase in the planting area compared to last year (3.3 million ha). As of December 5, 2013, 1.188 million hectares (Ha) were planted.

Farmers expanded certified seeds and input usage in response to government incentives; the Ministry of Agriculture (MOA) continues to provide economic and technical assistance and incentives in order to improve yields and quality. Assistance includes interest-free loans for seeds, irrigation, equipment, and other inputs.

In general, rainfall has been adequate in the last four months and maintained good soil moisture which helps crop development. Ministry of Agriculture bulletins show crop development in major production areas: early and late tillering in the Eastern region, early tillering in the Central and Western regions of the coastline and sub-littoral regions, and early to full tillering in the high plateaus.

Given current conditions, and assuming normal conditions for the remainder of the growing season, production is expected to be similar to last year.

Wheat and Barley

Durum continues to account for the largest portion of planted area, followed by barley and bread wheat.

According to the Technical Institute for Field Crops (ITGC), durum and barley occupy 80 percent of cereal area, while bread wheat and oats occupy the remaining 20 percent.

Barley is the second most important cereal and most important feed grain grown in Algeria. It is grown along the coastal plain and mountains, generally on marginal land with annual rainfall of about 20 inches. Farmers plant barley in the fall (November) and harvest it in late spring or early summer (May\June). Traditionally, farmers follow a barley-fallow rotation.

As previously reported, the Ministry of Agriculture (MoA) has revised its preliminary total MY 2013/14 wheat and coarse grain production downward to 4.91 million MT as drought affected some of the main growing areas in the Eastern part of the country and harvested area totaled 2.712 million ha. Durum wheat represented 47.5 percent of total production totaling 2.332 million MT. Bread wheat totaled 0.970 million MT and barley 1.498 million MT. Oat production consisted only of 0.113 million MT.

Government efforts to increase yields have proven effective. OAIC report show both cereal yields for all grains and use of certified seeds and inputs have increased. Yields increased from 0.8 MT/ha in the 1980's to 1.1 MT/ha in 2000 to about 1.81 MT/ha in 2013, with peaks reaching 7.1 T/ha. Certified seeds and the use of inputs (especially fertilizers) increased and are significant factors in increasing yields.

Wheat, barley and oat production in Algeria during the last five years was higher than the ten year average of 2.97 million MT, but still far short of the 8 million tons needed for domestic consumption.

Algeria cereals production comparison (in Million MT)

Average Production (2000-2008)	Production 2009	Production 2010	Production 2011	Production 2012	Production 2013
2.97	6.12	4.56	4.25	5.13	4.91

Source: Ministry of Agriculture reports

Consumption:

Algeria is a major consumer of cereals which remains a staple food for the population. Wheat accounts for about 75 percent of the calories consumed. According to recent Ministry of Agriculture figures, per capita cereal consumption has more than doubled in the past 50 years to 285 kg per capita which is eaten mainly in the form of bread and couscous made from semolina.

Algerian wheat consumption has risen slightly in recent years as a result of increased urbanization, population growth as well as increased milling capacity, but is projected to remain more or less stable. After the craze for investment in the milling industry and many wheat and flour mills expanded after the opening of the market and privatization in 1997, no more new investment was done in the sector and currently, about 430 mills are operational over the country. Algeria's total demand for cereals is about 8 MMT. OAIC, which both imports and buys domestic grains, is the main supplier to domestic processors. According to reports, OAIC supplies 100 percent the public sector's requirements and 60 percent of private processor requirements. On average, OAIC supplies 450,000 MT of bread wheat and 230,000 MT of durum per month.

Barley is consumed mainly as grain in animal feed by sheep, cattle, and camels, with small amounts consumed as green fodder, and minor amounts used for traditional foods. Algeria's breweries consume small amounts of barley, generally imported from Europe. Barley consumption is a function of weather-related pasture conditions—in general, better pastures conditions result in decreased demand for barley.

Consumption has trended upward since 2000, with increasing animal numbers, particularly sheep, better rations that include more barley, and efforts to introduce barley into the dairy ration as part of the policy to improve domestic production and reduce imports of some other expensive feed grains.

Farmers either feed barley on-farm or sell it to OAIC, which in turns sells it to domestic consumers, including livestock producers and public and private feed mills at the set price of AD 15,000/MT.

Consumption is projected to remain relatively stable, depending on pasture conditions.

Trade:

Cereals have always accounted for an important part of Algerian food imports and account for 31 to 36 percent of the total food import bill each year.

Wheat:

Algeria total wheat imports over the last four marketing years look relatively stable. Algeria has been importing 6 million MT more or less total wheat of which 75 to 83 percent represented bread wheat, in part due to the relative stability of the wheat consumption over the last years. The Algerian agricultural strategy to improve domestic production and reduce imports has also proven effective; crops yields have increased compared to the period (2000-2008) (see above table). However, Algeria will continue to import wheat particularly, bread wheat as it plants less bread wheat than durum and as domestic production is still mostly weather driven and does not meet demand.

**Table: Algeria Total Wheat Imports
By Origin in (1000) MT and MY (Jul/Jun)**

	MY10	MY11	MY12	MY13
France	5044	3933	4257	4704
Lithuania			136	0
Germany	26	49	76	376
Argentina	79	622	50	0
Canada	147	723	811	342
Poland	0	0	108	302
Mexico	35	487	189	208
US	81	199	276	148
Uruguay	78	307	0	0
Leetonia	0	0	57	0
Brazil	675	78	53	0
Spain	24	13	0	0
Great Britain	24	107	0	0
Italy	52	47	0	0
Others	36	29	284	188
Total	6301	6594	6297	6268

Source: Algerian Official Trade Data

France remains the major supplier to Algeria with 75 percent of the market, followed by Germany and Canada. U.S. origin total wheat imports have declined sharply along with the other U.S. commodities due to price competitiveness. U.S. origin products still face stiff competition from European suppliers on price and shipping flexibility.

The United States shares only 1 percent of the bread wheat imports but 13 percent of the durum market. France is the major bread wheat supplier (86 percent), followed by Germany (4 percent). Canada is the

leading durum supplier (59 percent), followed by France (18 percent), and the United States (13 percent).

Barley:

Algeria's barley imports are weather-driven—better weather results in higher local barley production and better pasture conditions, both of which decrease import demand. The opposite also is true as occurred during the drought in 2008. Increasing herd size and increased use of grain in rations increases demand and may also increase imports.

As it is shown in the table below, imports have fluctuated over the past several years. Following the good crop recorded in 2009 and thus the availability of good stocks and pasture, little barley was imported in 2010. Barley imports increased following an average crop in the MY2013/2014. As reported above, the crop was average and revised downward; more barley was imported in MY2013/2014 to meet the demand for animal feed. European and Black Sea countries are the main suppliers and export mostly in small shipments.

**Table: Algeria Barley Imports by Origin
Comparison in 1000 MT and MY (Jul/Jun)**

	MY10	MY11	MY12	MY13
Argentina	0	128	78	0
France	0	234	98	154
Russia	0	87	0	0
Ukraine	0	24	26	50
Leetonia	0	0	26	56
U.S.	0	26	0	0
Poland	0	0	24	0
Great Britain	0	54	0	52
Germany	0	24	81	152
Denmark	0	24	0	0
Others	62	72	0	0
Total	62	673	333	464

Source: Algerian Official Trade Data

Corn: Although total corn imports increased due to the tax and VAT exemption (see policy) as well as increased demand from the dairy and beef sectors, U.S. exports continued to decline in competition with Argentina, which has been the leading corn supplier since 2008. Trade contacts attribute the sharp decline in U.S. corn exports to Algeria to price, competition from Black Sea suppliers, and Algeria's preference for certain qualitative aspects and specifications of Argentine corn. U.S. feed industry needs to engage effectively in technical trade servicing and activities to address some of the apparent misperceptions surrounding U.S. feed products quality.

Table: Algeria Corn Imports by Origin
Comparison in 1000 MT and MY (Jul/Jun)

	MY10	MY11	MY12	MY13
Argentina	1135	1737	2500	2136
Ukraine	89	360	96	54
Brazil	251	590	182	1300
Paraguay	39	48	0	0
Yugoslavia	6	34	21	0
Hungary	0	37	6	0
Romania	0	93	16	150
Uruguay	0	0	25	44
France	0	104	0	0
US	45	0	0	0
Bulgaria	0	36	0	164
Others	0	16	22	0
Total	1565	3055	2868	3848

Source: Algerian Official Trade Data

Soybean Meal: Demand for soybean meal comes mainly from poultry feed. As a result of the suspension of import duties and value-added taxes (VAT) on animal feed inputs and co-products, including soybean meal (see policy section), demand was high and imports increased as shown in the table below; imports figures reached 1.24 Million MT in CY2013.

However, U.S. soybean meal imports declined still— similar to corn—due to a lack of price competitiveness and consumer's preference for certain Argentine qualitative aspects and specifications. Argentina shares 95 percent of the imports and is the major soybean meal supplier.

Table: Algeria Soybean Meals Imports by Origin
Comparison in 1000 MT

	CY09	CY10	CY11	CY12	CY13
Argentina	702	929	1075	836	1182
U.S.	0	0	17	17	14
Brazil	4	0	0	0	16
Spain	8	15	10	8	6
Portugal	2	0	0	0	0
Germany	0	9	14	0	0
Paraguay	0	0	0	0	17

Switzerland	0	0	0	0	8
Total	716	953	1116	861	1243

Source: Algerian Official Trade Data

DDG's: According to feed industry source, given increasing demand for protein meal and the suspension of duties and taxes for this product, some DDGs were imported beginning of this year. This represents an important opportunity for U.S. suppliers. As reported previously, Algeria began importing dried distillers grains (DDGs) in 2008 for testing.

Rice: Algeria's rice imports are very irregular but have increased with changing dietary habits. Private importers buy small containers when prices appear competitive, mainly from India, Vietnam, Uruguay, Spain and Thailand. U.S. shared 11 percent of the market in CY 2010 and 4 percent in CY2012.

**Table: Algeria Rice Imports
Five Years Comparison (In MT)**

Origin	CY08	CY09	CY10	CY11	CY12	CY13
India	3496	229	318	1423	46552	39704
Vietnam	14791	45328	36318	37428	45775	67996
Pakistan	16870	5233	8502	7572	4464	1481
U.S.	955	1759	10492	48	4192	7
Thailand	52313	15616	31794	33968	2817	1598
Spain	116	29	1533	1578	2278	2186
Uruguay	-	-	-	-	2016	4107
Brazil	222	900	274	448	200	300
Tajikistan	5677	3755	3155	3625	101	1000
China	1111	1997	1616	30	19	138
Others	2239	1007	365	327	252	568
Total	97790	75853	94367	86447	108666	119085

Source: Official Algerian Trade Data

Pulses: U.S. pulse exports have trended upward for the past several years with plenty of potential for future growth. U.S. shares 3 percent of the pulses market and exports consist mainly of chickpeas, lentils, beans, and peas.

**Table– Algeria Pulses Imports by Origin
Comparison in MT**

Origin	CY09	CY10	CY11	CY12	CY13
Canada	64591	93885	87247	50667	90341
Mexico	24568	21689	9356	48916	21078
Argentina	29249	49185	52382	46865	33014
India	16739	24845	41810	7256	76619

Egypt	11703	2579	15102	6286	14279
U.S.	644	8055	8863	4747	7618
France	4338	3824	2509	2100	1419
New Zealand	750	1638	1225	1833	2062
Turkey	5297	3552	1543	1748	1832
Russia	-	-	387	1131	4095
Australia	509	1027	8478	1079	638
China	9090	1556	12054	1004	4856
Others	7417	7944	6881	2853	6274
Total	174895	219779	247837	176485	264125

Source: Official Algerian Trade Data

Stocks:

Algeria has not invested in storage capacities since 1988. The Algerian grain Agency (OAIC) has been tendering for the past few years for the construction of 39 ready grain storage silos (nine reinforced concrete silos and 30 metal silos) in the country for durum, bread wheat and barley to increase grains storage capacities; OAIC committed to supporting building an additional 0.82 million tons of storage capacity in 2012 and another additional 0.84 million tons by 2019.

Policy:

According to the finance law for year 2014 (Art 44), the exemption from duties and VAT on animal feed inputs and co-products, including corn, dried distiller's grains with soluble (DDGS), and corn gluten feed (CGF) as well as soybean meal, is extended from September 1st, 2012 to August 31, 2014 and nonrenewable. And this exemption would be granted only under specifications established by the Ministry of Agriculture.

To recall, in 2012, the GoA suspended import duties and VAT on animal feed inputs and co-products, including corn, dried distiller's grains with solubles (DDGS), and corn gluten feed (CGF) as well as soybean meal in response to increasing international grain prices to curb inflation by moderating expected increases the price of animal products, particularly meat and poultry. Previously, the import duty and VAT for corn was 5 percent and 7 percent, soybean meal 5percent and 17percent and for DDGS and CGF it was 30 percent and 17 percent respectively.

Marketing:

FAS Cooperators in the region are working with the Algerian millers, importers, feed manufacturers, poultry and dairy cattle farmers to provide technical assistance to promote the quality and reliability of U.S. commodities in order to expand the U.S. share in this market. The US Wheat Associates, through their office in Casablanca, Morocco, the US Grains Council in Tunis and the American Soybean Association, are engaged in various market development activities in the Algerian market. These activities, which include technical workshops and seminars, trade missions and technical exchange programs in the United States, need to be more effective and address some of the apparent misperceptions surrounding U.S. products particularly U.S. feed products quality in order to open the market and increase trade.

Production, Supply and Demand Data Statistics:

Wheat Algeria	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,000	2,000	1,725	1,727		2,000
Beginning Stocks	3,357	3,357	3,766	3,766		3,718
Production	3,400	3,400	3,300	3,302		3,500
MY Imports	6,484	6,484	6,700	6,300		6,400
TY Imports	6,484	6,484	6,700	6,300		6,400
TY Imp. from U.S.	256	256	0	148		150
Total Supply	13,241	13,241	13,766	13,368		13,618
MY Exports	25	25	25	0		0
TY Exports	25	25	25	0		0
Feed and Residual	50	50	50	50		50
FSI Consumption	9,400	9,400	9,800	9,600		9,700
Total Consumption	9,450	9,450	9,850	9,650		9,750
Ending Stocks	3,766	3,766	3,891	3,718		3,868
Total Distribution	13,241	13,241	13,766	13,368		13,618
Yield	2.	1.7	2.	1.912		1.75
TS=TD		0		0		0

Barley Algeria	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,000	1,000	900	900		900
Beginning Stocks	1,435	1,435	1,194	1,194		906
Production	1,500	1,500	1,500	1,498		1,500
MY Imports	259	259	500	464		400

TY Imports	364	364	500	413		400
TY Imp. from U.S.	0	0	0	0		0
Total Supply	3,194	3,194	3,194	3,156		2,806
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	1,700	1,700	1,900	1,900		1,900
FSI Consumption	300	300	350	350		350
Total Consumption	2,000	2,000	2,250	2,250		2,250
Ending Stocks	1,194	1,194	944	906		556
Total Distribution	3,194	3,194	3,194	3,156		2,806
Yield	2.	1.5	2.	1.6644		1.6667
TS=TD		0		0		0